

Calendar No. 55

111TH CONGRESS
1ST SESSION**H. R. 627**

IN THE SENATE OF THE UNITED STATES

APRIL 30, 2009

Received; read twice and placed on the calendar

AN ACT

To amend the Truth in Lending Act to establish fair and transparent practices relating to the extension of credit under an open end consumer credit plan, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Credit Cardholders’
5 Bill of Rights Act of 2009”.

6 **SEC. 2. CREDIT CARDS ON TERMS CONSUMERS CAN REPAY.**

7 (a) RETROACTIVE RATE INCREASES AND UNIVERSAL
8 DEFAULT LIMITED.—Chapter 2 of the Truth in Lending
9 Act (15 U.S.C. 1631 et seq.) is amended by inserting after
10 section 127A the following new section:

1 **“§ 127B. Additional requirements for credit card ac-**
2 **counts under an open end consumer**
3 **credit plan**

4 “(a) RETROACTIVE RATE INCREASES AND UNI-
5 VERSAL DEFAULT LIMITED.—

6 “(1) IN GENERAL.—Except as provided in sub-
7 section (b), no creditor may increase any annual per-
8 centage rate of interest applicable to the existing
9 balance on a credit card account of the consumer
10 under an open end consumer credit plan.

11 “(2) EXISTING BALANCE DEFINED.—For pur-
12 poses of this subsection and subsections (b) and (c),
13 the term ‘existing balance’ means the amount owed
14 on a consumer credit card account as of the end of
15 the 7th day after the creditor provides notice of an
16 increase in the annual percentage rate in accordance
17 with subsection (c).

18 “(3) TREATMENT OF EXISTING BALANCES FOL-
19 LOWING RATE INCREASE.—If a creditor increases
20 any annual percentage rate of interest applicable to
21 the credit card account of a consumer under an open
22 end consumer credit plan and there is an existing
23 balance in the account to which such increase may
24 not apply, the creditor shall allow the consumer to
25 repay the existing balance using a method provided

1 by the creditor which is at least as beneficial to the
 2 consumer as 1 of the following methods:

3 “(A) An amortization period for the exist-
 4 ing balance of at least 5 years starting from the
 5 date on which the increased annual percentage
 6 rate went into effect.

7 “(B) The percentage of the existing bal-
 8 ance that was included in the required min-
 9 imum periodic payment before the rate increase
 10 cannot be more than doubled.

11 “(4) LIMITATION ON CERTAIN FEES.—If—

12 “(A) a creditor increases any annual per-
 13 centage rate of interest applicable on a credit
 14 card account of the consumer under an open
 15 end consumer credit plan; and

16 “(B) the creditor is prohibited by this sec-
 17 tion from applying the increased rate to an ex-
 18 isting balance,

19 the creditor may not assess any fee or charge based
 20 solely on the existing balance.”.

21 (b) EXCEPTIONS TO THE AMENDMENT MADE BY
 22 SUBSECTION (a).—Section 127B of the Truth in Lending
 23 Act is amended by inserting after subsection (a) (as added
 24 by subsection (a)) the following new subsection:

25 “(b) EXCEPTIONS.—

1 “(1) IN GENERAL.—A creditor may increase
2 any annual percentage rate of interest applicable to
3 the existing balance on a credit card account of the
4 consumer under an open end consumer credit plan
5 only under the following circumstances:

6 “(A) CHANGE IN INDEX.—The increase is
7 due solely to the operation of an index that is
8 not under the creditor’s control and is available
9 to the general public.

10 “(B) EXPIRATION OF PROMOTIONAL
11 RATE.—The increase is due solely to the expira-
12 tion of a promotional rate.

13 “(C) FAILURE TO COMPLY WITH WORKOUT
14 PLAN.—The increase is due solely to the fact
15 the consumer failed to comply with a negotiated
16 workout plan with the creditor.

17 “(D) PAYMENT NOT RECEIVED DURING 30-
18 DAY GRACE PERIOD AFTER DUE DATE.—The
19 increase is due solely to the fact that any con-
20 sumer’s minimum payment has not been re-
21 ceived within 30 days after the due date for
22 such minimum payment.

23 “(2) LIMITATION ON INCREASES DUE TO FAIL-
24 URE TO COMPLY WITH WORKOUT PLAN.—Notwith-
25 standing paragraph (1)(C), the annual percentage

1 rate in effect with respect to each category of trans-
2 actions for a credit card account under an open end
3 consumer credit plan after the increase permitted
4 under such subsection due to the failure of a con-
5 sumer to comply with a workout plan may not ex-
6 ceed the annual percentage applicable to such cat-
7 egory of transactions on the day before the effective
8 date of the workout plan.

9 “(3) STANDARDS REQUIRED.—The Board shall
10 prescribe, by regulation, standards—

11 “(A) for entering into any workout plan
12 applicable to any credit card account under an
13 open end consumer credit plan; and

14 “(B) governing any such workout plan.”.

15 (c) ADVANCE NOTICE OF RATE INCREASES AND SIG-
16 NIFICANT CONTRACT CHANGES.—Section 127B of the
17 Truth in Lending Act is amended by inserting after sub-
18 section (b) (as added by subsection (b)) the following new
19 subsections:

20 “(c) ADVANCE NOTICE OF RATE INCREASES.—

21 “(1) IN GENERAL.—In the case of any credit
22 card account under an open end consumer credit
23 plan, no increase in any annual percentage rate of
24 interest (other than an increase described in sub-
25 section (b)(1)(A)) may take effect unless the creditor

1 provides a written notice to the consumer at least 45
2 days before the increase takes effect which fully de-
3 scribes the changes in the annual percentage rate, in
4 a complete and conspicuous manner, and the extent
5 to which such increase would apply to an existing
6 balance.

7 “(2) LIMITATION ON RATE INCREASE NOTICES
8 WITHIN FIRST YEAR.—Except in the case of an in-
9 crease described in subparagraph (B), (C), or (D) of
10 subsection (b)(1), no written notice under paragraph
11 (1) of an increase in any annual percentage rate of
12 interest on any credit card account under an open
13 end consumer credit plan (for which notice is re-
14 quired under such paragraph) shall be effective be-
15 fore the end of the 1-year period beginning when the
16 account is opened.

17 “(3) MINIMUM TERM FOR PROMOTIONAL
18 RATES.—In the case of a promotional rate, no writ-
19 ten notice under paragraph (1) of an increase in any
20 annual percentage rate of interest on any credit card
21 account under an open end consumer credit plan
22 shall be effective before the end of a 6-month period
23 beginning from the date the promotional rate takes
24 effect.

25 “(d) ADVANCE NOTICE OF ACCOUNT CLOSURE.—

1 “(1) IN GENERAL.—In the case of any credit
2 card account under an open end consumer credit
3 plan, a creditor may not close such account unless
4 the creditor provides a written notice to the con-
5 sumer at least 30 days before the closure takes
6 place, and which notifies the consumer—

7 “(A) of the reason the account is being
8 closed;

9 “(B) of any recourse that the consumer
10 may take to prevent the account from being
11 closed;

12 “(C) of any program under which the con-
13 sumer may repay the balance on the account
14 over a period of time; and

15 “(D) that if the consumer’s account is
16 closed, it may have an impact on the con-
17 sumer’s credit score.

18 “(2) EXCEPTION.—The requirements of para-
19 graph (1) shall not apply in the case of a consumer
20 request that the creditor close such account.

21 “(e) ADVANCE NOTICE OF SIGNIFICANT CONTRACT
22 CHANGES.—In the case of any credit card account under
23 an open end consumer credit plan, no significant change
24 to the contract (such as any fee) may take effect unless
25 the creditor provides a written notice of at least 45 days

1 before the change takes effect which fully describes the
 2 changes in the contract, in a complete and conspicuous
 3 manner.”.

4 (d) CLERICAL AMENDMENT.—The table of sections
 5 for chapter 2 of the Truth in Lending Act (15 U.S.C.
 6 1631 et seq.) is amended by inserting after the item relat-
 7 ing to section 127A the following new item:

“127B. Additional requirements for credit card accounts under an open end con-
 sumer credit plan.”.

8 **SEC. 3. ADDITIONAL PROVISIONS REGARDING ACCOUNT**
 9 **FEATURES, TERMS, AND PRICING.**

10 (a) DOUBLE CYCLE BILLING PROHIBITED.—Section
 11 127B of the Truth in Lending Act is amended by inserting
 12 after subsection (d) (as added by section 2(c)) the fol-
 13 lowing new subsection:

14 “(e) DOUBLE CYCLE BILLING.—

15 “(1) IN GENERAL.—No finance charge may be
 16 imposed by a creditor with respect to any balance on
 17 a credit card account under an open end consumer
 18 credit plan that is based on balances for days in bill-
 19 ing cycles preceding the most recent billing cycle as
 20 a result of the loss of any grace period.

21 “(2) EXCEPTIONS.—Paragraph (1) shall not
 22 apply so as to prohibit a creditor from—

1 “(A) adjusting finance charges following
 2 the return of a payment for insufficient funds;
 3 or

4 “(B) adjusting finance charges following
 5 resolution of a billing error dispute.

6 “(3) GRACE PERIOD.—For purposes of this
 7 subsection, the term ‘grace period’ means, with re-
 8 spect to any credit card account under an open end
 9 consumer credit plan, the time period, if any, pro-
 10 vided by the creditor within which any credit ex-
 11 tended under such credit plan for purchases of goods
 12 or services may be repaid by the consumer without
 13 incurring a finance charge.”.

14 (b) LIMITATIONS RELATING TO ACCOUNT BALANCES
 15 ATTRIBUTABLE ONLY TO ACCRUED INTEREST.—Section
 16 127B is amended by inserting after subsection (e) (as
 17 added by subsection (a)) the following new subsection:

18 “(f) LIMITATIONS RELATING TO ACCOUNT BAL-
 19 ANCES ATTRIBUTABLE ONLY TO ACCRUED INTEREST.—

20 “(1) IN GENERAL.—If the outstanding balance
 21 on a credit card account under an open end con-
 22 sumer credit plan at the end of a billing period rep-
 23 resents an amount attributable only to interest ac-
 24 crued during the preceding billing period on an out-

1 standing balance that was fully repaid during the
2 preceding billing period—

3 “(A) no fee may be imposed or collected in
4 connection with such balance attributable only
5 to interest before such end of the billing period;
6 and

7 “(B) any failure to make timely repay-
8 ments of the balance attributable only to inter-
9 est before such end of the billing period shall
10 not constitute a default on the account.

11 Such balance remains a legally binding debt obliga-
12 tion.

13 “(2) RULE OF CONSTRUCTION.—Paragraph (1)
14 shall not be construed as affecting—

15 “(A) the consumer’s obligation to pay any
16 accrued interest on a credit card account under
17 an open end consumer credit plan; or

18 “(B) the accrual of interest on the out-
19 standing balance on any such account in ac-
20 cordance with the terms of the account and this
21 title.”.

22 (c) ACCESS TO PAYOFF BALANCE INFORMATION.—
23 Section 127B of the Truth in Lending Act is amended
24 by inserting after subsection (f) (as added by subsection
25 (b)) the following new subsection:

1 “(g) PAYOFF BALANCE INFORMATION.—

2 “(1) IN GENERAL.—Each periodic statement
3 provided by a creditor to a consumer with respect to
4 a credit card account under an open end consumer
5 credit plan shall contain the toll-free telephone num-
6 ber, Internet address, and website at which the con-
7 sumer may request the payoff balance on the ac-
8 count.

9 “(2) SMALL ISSUERS.—Notwithstanding para-
10 graph (1), in the case of any credit card issuer
11 which issues fewer than 50,000 credit cards in con-
12 junction with credit card accounts under open end
13 consumer credit plans, each periodic statement pro-
14 vided by such a creditor to a consumer with respect
15 to any such credit card account shall contain the
16 toll-free telephone number, Internet address, or
17 website at which the consumer may request the pay-
18 off balance on the account.”.

19 (d) CONSUMER RIGHT TO REJECT CARD AFTER NO-
20 TICE IS PROVIDED OF OPEN ACCOUNT.—Section 127B of
21 the Truth in Lending Act is amended by inserting after
22 subsection (g) (as added by subsection (c)) the following
23 new subsection:

1 “(h) CONSUMER RIGHT TO REJECT CARD AFTER
2 NOTICE OF NEW ACCOUNT IS PROVIDED TO CONSUMER
3 REPORTING AGENCY.—

4 “(1) IN GENERAL.—A creditor shall remove any
5 information furnished to a consumer reporting agen-
6 cy (as defined in section 603) concerning the estab-
7 lishment of a newly opened credit card account
8 under an open end consumer credit plan if the con-
9 sumer has not used or activated the account and the
10 consumer contacts the creditor within 45 days of the
11 establishment of the account to close the account.

12 “(2) RULE OF CONSTRUCTION.—Paragraph (1)
13 shall not be construed as prohibiting a creditor from
14 furnishing information about any application for a
15 credit card account under an open end consumer
16 credit plan or any inquiry about any such account
17 to a consumer reporting agency (as so defined).”.

18 “(e) USE OF TERMS CLARIFIED.—Section 127B of the
19 Truth in Lending Act is amended by inserting after sub-
20 section (h) (as added by subsection (d)) the following new
21 subsection:

22 “(i) USE OF TERMS.—The following requirements
23 shall apply with respect to the terms of any credit card
24 account under any open end consumer credit plan:

1 “(1) ‘FIXED’ RATE.—The term ‘fixed’, when
2 appearing in conjunction with a reference to the an-
3 nual percentage rate or interest rate applicable with
4 respect to such account, may only be used to refer
5 to an annual percentage rate or interest rate that
6 will not change or vary for any reason over the pe-
7 riod clearly and conspicuously specified in the terms
8 of the account.

9 “(2) PRIME RATE.—The term ‘prime rate’,
10 when appearing in any agreement or contract for
11 any such account, may only be used to refer to the
12 bank prime rate published in the Federal Reserve
13 Statistical Release on selected interest rates (daily or
14 weekly), and commonly referred to as the H.15 re-
15 lease (or any successor publication).

16 “(3) DUE DATE.—

17 “(A) IN GENERAL.—Each periodic state-
18 ment for any such account shall contain a date
19 by which the next periodic payment on the ac-
20 count must be made to avoid a late fee or be
21 considered a late payment, and any payment re-
22 ceived by 5 p.m., local time at the location spec-
23 ified by the creditor for the receipt of payment,
24 on such date shall be treated as a timely pay-
25 ment for all purposes.

1 “(B) CERTAIN ELECTRONIC FUND TRANS-
2 FERS.—Any payment with respect to any such
3 account made by a consumer online to the
4 website of the credit card issuer or by telephone
5 directly to the credit card issuer before 5 p.m.,
6 local time at the location specified by the cred-
7 itor for the receipt of payment, on any business
8 day shall be credited to the consumer’s account
9 that business day.

10 “(C) PRESUMPTION OF TIMELY PAY-
11 MENT.—Any evidence provided by a consumer
12 in the form of a receipt from the United States
13 Postal Service or other common carrier indi-
14 cating that a payment on a credit card account
15 was sent to the issuer not less than 7 days be-
16 fore the due date contained in the periodic
17 statement under subparagraph (A) for such
18 payment shall create a presumption that such
19 payment was made by the due date, which may
20 be rebutted by the creditor for fraud or dishon-
21 esty on the part of the consumer with respect
22 to the mailing date.”.

23 (f) PAYMENT ALLOCATIONS.—Section 127B of the
24 Truth in Lending Act is amended by inserting after sub-

1 section (i) (as added by subsection (e)) the following new
2 subsection:

3 “(j) PAYMENT ALLOCATIONS.—

4 “(1) IN GENERAL.—If 2 or more different an-
5 nual percentage rates apply to different portions of
6 an outstanding balance on a credit card account
7 under an open end consumer credit plan, the amount
8 of any periodic payment in excess of the required
9 minimum payment shall be allocated first to the bal-
10 ance with the highest annual percentage rate and
11 any remaining portion is allocated to any other bal-
12 ance in descending order, based on the applicable
13 annual percentage rate each portion of such balance
14 bears, from the highest such rate to the lowest.

15 “(2) CLARIFICATION RELATING TO CERTAIN
16 DEFERRED INTEREST ARRANGEMENTS.—A creditor
17 may allocate the entire amount paid by the con-
18 sumer in excess of the required minimum periodic
19 payment to a balance on which interest is deferred
20 during the 2 billing cycles immediately preceding the
21 expiration of the period during which interest is de-
22 ferred.

23 “(3) PROHIBITION ON RESTRICTED GRACE PE-
24 RIODS UNDER CERTAIN CIRCUMSTANCES.—If, with
25 respect to any credit card account under an open

1 end consumer credit plan, a creditor offers a time
2 period in which to repay credit extended without in-
3 curring finance charges to cardholders who pay the
4 balance in full, the creditor may not deny a con-
5 sumer who takes advantage of a promotional rate
6 balance or deferred interest rate balance offer with
7 respect to such an account any such time period for
8 repaying credit without incurring finance charges.”.

9 (g) TIMELY PROVISION OF PERIODIC STATE-
10 MENTS.—Section 127B of the Truth in Lending Act is
11 amended by inserting after subsection (j) (as added by
12 subsection (f)) the following new subsection:

13 “(k) TIMELY PROVISION OF PERIODIC STATE-
14 MENTS.—Each periodic statement with respect to a credit
15 card account under an open end consumer credit plan
16 shall be sent by the creditor to the consumer not less than
17 21 calendar days before the due date identified in such
18 statement for the next payment on the outstanding bal-
19 ance on such account, and section 163(a) shall be applied
20 with respect to any such account by substituting ‘21’ for
21 ‘fourteen’.”.

22 (h) DUE DATES.—Section 127B of the Truth in
23 Lending Act is amended by inserting after subsection (k)
24 (as added by subsection (g)) the following new subsection:

1 “(l) DUE DATES.—If the date established by a cred-
 2 itor as the date on which a periodic payment on a credit
 3 card account under an open end consumer credit plan is
 4 due is a day on which mail is either not delivered to such
 5 creditor or is not accepted by the creditor for processing
 6 on such day, the creditor may not treat the receipt by the
 7 creditor of any such periodic payment by mail as of the
 8 next business day of the creditor as late for any purpose.”.

9 (i) AVAILABILITY OF LEGITIMATE AND ACCREDITED
 10 CREDIT COUNSELING.—The Board of Governors of the
 11 Federal Reserve System shall suggest appropriate guide-
 12 lines for creditors to follow with respect to credit card ac-
 13 counts under open end consumer credit plans to supply
 14 consumer cardholders with information regarding the
 15 availability of legitimate and accredited credit counseling
 16 services.

17 **SEC. 4. CONSUMER CHOICE WITH RESPECT TO OVER-THE-**
 18 **LIMIT TRANSACTIONS.**

19 Section 127B of the Truth in Lending Act is amend-
 20 ed by inserting after subsection (l) (as added by section
 21 3(h)) the following new subsections:

22 “(m) OPT-IN REQUIRED FOR OVER-THE-LIMIT
 23 TRANSACTIONS IF FEES ARE IMPOSED.—

24 “(1) IN GENERAL.—In the case of any credit
 25 card account under an open end consumer credit

1 plan under which an over-the-limit-fee may be im-
2 posed by the creditor for any extension of credit in
3 excess of the amount of credit authorized to be ex-
4 tended under such account, no such fee shall be
5 charged unless the consumer has elected to permit
6 the creditor, with respect to such account, to com-
7 plete transactions involving the extension of credit,
8 with respect to such account, in excess of the
9 amount of credit authorized.

10 “(2) DISCLOSURE BY CREDITOR.—No election
11 by a consumer under paragraph (1) shall take effect
12 unless the consumer, before making such election,
13 received a notice from the creditor of any over-the-
14 limit fee in the form and manner, and at the time,
15 determined by the Board.

16 “(3) FORM OF ELECTION.—A consumer may
17 make the election referred to in paragraph (1) orally
18 or in writing.

19 “(4) TIME OF ELECTION.—A consumer may
20 make the election referred to in paragraph (1) at
21 any time and it shall be effective until the election
22 is revoked by the consumer orally or in writing.

23 “(5) REGULATIONS.—

24 “(A) IN GENERAL.—The Board shall issue
25 regulations allowing for the completion of over-

1 the-limit transactions that for operational rea-
2 sons exceed the credit limit by a de minimis
3 amount, even where the cardholder has not
4 made an election under paragraph (1).

5 “(B) SUBJECT TO NO FEE LIMITATION.—
6 The regulations prescribed under subparagraph
7 (A) shall not allow for the imposition of any fee
8 or any rate increase based on the permitted
9 over-the-limit transactions with respect to the
10 account of any cardholder who has not made
11 the election in paragraph (1).

12 “(C) DISCLOSURES.—The Board shall pre-
13 scribe regulations governing any disclosure
14 under this subsection.

15 “(n) OVER-THE-LIMIT FEE RESTRICTIONS.—With
16 respect to a credit card account under an open end con-
17 sumer credit plan, an over-the-limit fee may be imposed
18 only once during a billing cycle if, on the last day of such
19 billing cycle, the credit limit on the account is exceeded,
20 and an over-the-limit fee, with respect to such excess cred-
21 it, may be imposed only once in each of the 2 subsequent
22 billing cycles, unless the consumer has obtained an addi-
23 tional extension of credit in excess of such credit limit dur-
24 ing any such subsequent cycle or the consumer reduces

1 the outstanding balance below the credit limit as of the
2 end of such billing cycle.

3 “(o) OVER-THE-LIMIT FEES PROHIBITED IN CON-
4 JUNCTION WITH CERTAIN CREDIT HOLDS.—Notwith-
5 standing subsection (n), an over-the-limit fee may not be
6 imposed if the credit limit was exceeded due to a hold un-
7 less the actual amount of the transaction for which the
8 hold was placed would have resulted in the consumer ex-
9 ceeding the credit limit.”.

10 **SEC. 5. STRENGTHEN CREDIT CARD INFORMATION COL-**
11 **LECTION.**

12 Section 136(b) of the Truth in Lending Act (15
13 U.S.C. 1646(b)) is amended—

14 (1) in paragraph (1)—

15 (A) by striking “COLLECTION RE-
16 QUIRED.—The Board shall” and inserting
17 “COLLECTION REQUIRED.—

18 “(A) IN GENERAL.—The Board shall”.

19 (B) by adding at the end the following new
20 subparagraph:

21 “(B) INFORMATION TO BE INCLUDED.—

22 The information under subparagraph (A) shall
23 include, for the relevant semiannual period, the
24 following information with respect each creditor

1 in connection with any consumer credit card ac-
2 count:

3 “(i) A list of each type of transaction
4 or event during the semiannual period for
5 which 1 or more creditors has imposed a
6 separate interest rate upon a consumer
7 credit card accountholder, including pur-
8 chases, cash advances, and balance trans-
9 fers.

10 “(ii) For each type of transaction or
11 event identified under clause (i)—

12 “(I) each distinct interest rate
13 charged by the card issuer to a con-
14 sumer credit card accountholder dur-
15 ing the semiannual period; and

16 “(II) the number of cardholders
17 to whom each such interest rate was
18 applied during the last calendar
19 month of the semiannual period, and
20 the total amount of interest charged
21 to such accountholders at each such
22 rate during such month.

23 “(iii) A list of each type of fee that 1
24 or more of the creditors has imposed upon
25 a consumer credit card accountholder dur-

1 ing the semiannual period, including any
2 fee imposed for obtaining a cash advance,
3 making a late payment, exceeding the cred-
4 it limit on an account, making a balance
5 transfer, or exchanging United States dol-
6 lars for foreign currency.

7 “(iv) For each type of fee identified
8 under clause (iii), the number of account-
9 holders upon whom the fee was imposed
10 during each calendar month of the semi-
11 annual period, and the total amount of
12 fees imposed upon cardholders during such
13 month.

14 “(v) The total number of consumer
15 credit card accountholders that incurred
16 any finance charge or any other fee during
17 the semiannual period.

18 “(vi) The total number of consumer
19 credit card accounts maintained by each
20 creditor as of the end of the semiannual
21 period.

22 “(vii) The total number and value of
23 cash advances made during the semiannual
24 period under a consumer credit card ac-
25 count.

1 “(viii) The total number and value of
2 purchases involving or constituting con-
3 sumer credit card transactions during the
4 semiannual period.

5 “(ix) The total number and amount of
6 repayments on outstanding balances on
7 consumer credit card accounts in each
8 month of the semiannual period.

9 “(x) The percentage of all consumer
10 credit card accountholders (with respect to
11 any creditor) who—

12 “(I) incurred a finance charge in
13 each month of the semiannual period
14 on any portion of an outstanding bal-
15 ance on which a finance charge had
16 not previously been incurred; and

17 “(II) incurred any such finance
18 charge at any time during the semi-
19 annual period.

20 “(xi) The total number and amount of
21 balances accruing finance charges during
22 the semiannual period.

23 “(xii) The total number and amount
24 of the outstanding balances on consumer

1 credit card accounts as of the end of such
2 semiannual period.

3 “(xiii) Total credit limits in effect on
4 consumer credit card accounts as of the
5 end of such semiannual period and the
6 amount by which such credit limits exceed
7 the credit limits in effect as of the begin-
8 ning of such period.

9 “(xiv) Any other information related
10 to interest rates, fees, or other charges
11 that the Board deems of interest.”; and

12 (2) by adding at the end the following new
13 paragraph:

14 “(5) REPORT TO CONGRESS.—The Board shall,
15 on an annual basis, transmit to Congress and make
16 public a report containing estimates by the Board of
17 the approximate, relative percentage of income de-
18 rived by the credit card operations of depository in-
19 stitutions from—

20 “(A) the imposition of interest rates on
21 cardholders, including separate estimates for—

22 “(i) interest with an annual percent-
23 age rate of less than 25 percent; and

1 “(ii) interest with an annual percent-
 2 age rate equal to or greater than 25 per-
 3 cent;
 4 “(B) the imposition of fees on cardholders;
 5 “(C) the imposition of fees on merchants;
 6 and
 7 “(D) any other material source of income,
 8 while specifying the nature of that income.”.

9 **SEC. 6. STANDARDS APPLICABLE TO INITIAL ISSUANCE OF**
 10 **SUBPRIME OR “FEE HARVESTER” CARDS.**

11 Section 127B of the Truth in Lending Act is amend-
 12 ed by inserting after subsection (o) (as added by section
 13 4) the following new subsection:

14 “(p) STANDARDS APPLICABLE TO INITIAL ISSUANCE
 15 OF SUBPRIME OR ‘FEE HARVESTER’ CARDS.—

16 “(1) IN GENERAL.—In the case of any credit
 17 card account under an open end consumer credit
 18 plan the terms of which require the payment of any
 19 fee (other than any late fee, any over-the-limit fee,
 20 or any fee for a payment returned for insufficient
 21 funds) by the consumer in the first year the account
 22 is opened in an amount in excess of 25 percent of
 23 the total amount of credit authorized under the ac-
 24 count when the account is opened, no payment of
 25 any fee (other than any late fee, any over-the-limit

1 fee, or any fee for a payment returned for insuffi-
 2 cient funds) may be made from the credit made
 3 available by the card.

4 “(2) RULE OF CONSTRUCTION.—No provision
 5 of this subsection may be construed as authorizing
 6 any imposition or payment of advance fees otherwise
 7 prohibited by any provision of law.”.

8 **SEC. 7. EXTENSIONS OF CREDIT TO UNDERAGE CON-**
 9 **SUMERS.**

10 Section 127(c) of the Truth in Lending Act (15
 11 U.S.C. 1637(c)) is amended by adding at the end the fol-
 12 lowing new paragraphs:

13 “(8) EXTENSIONS OF CREDIT TO UNDERAGE
 14 CONSUMERS.—

15 “(A) IN GENERAL.—No credit card may be
 16 knowingly issued to, or open end credit plan es-
 17 tablished on behalf of, a consumer who has not
 18 attained the age of 18, unless the consumer is
 19 emancipated under applicable State law or the
 20 parent or legal guardian of such consumer is
 21 designated as the primary account holder.

22 “(B) RULE OF CONSTRUCTION.—For the
 23 purposes of determining the age of an appli-
 24 cant, the submission of a signed application by

1 a consumer stating that the consumer is over
2 18 shall be considered sufficient proof of age.

3 “(9) PROVISIONS APPLICABLE WITH REGARD
4 TO THE ISSUANCE OF CREDIT CARDS TO FULL-TIME,
5 TRADITIONAL-AGED COLLEGE STUDENTS.—

6 “(A) DEFINITIONS.—For purposes of this
7 paragraph, the following definitions shall apply:

8 “(i) COLLEGE STUDENT CREDIT CARD
9 ACCOUNT DEFINED.—The term ‘college
10 student credit card account’ means a credit
11 card account under an open end consumer
12 credit plan established or maintained for or
13 on behalf of any college student.

14 “(ii) COLLEGE STUDENT.—The term
15 ‘college student’ means an individual—

16 “(I) who is a full-time student
17 attending an institution of higher edu-
18 cation; and

19 “(II) who has attained the age of
20 18 and has not yet attained the age of
21 21.

22 “(iii) INSTITUTION OF HIGHER EDU-
23 CATION.—The term ‘institution of higher
24 education’ has the same meaning as in sec-

tion 101(a) of the Higher Education Act of
1965 (20 U.S.C. 1001(a)).

“(B) MAXIMUM AMOUNT LIMITATION AS A
PERCENTAGE OF GROSS INCOME.—Unless a
parent, legal guardian, or spouse of a college
student assumes joint liability for debts in-
curred by the student in connection with a col-
lege student credit card account—

“(i) the amount of credit which may
be extended by any one creditor to the full-
time college student may not exceed, dur-
ing any full calendar year, the greater of—

“(I) 20 percent of the annual
gross income of the student; or

“(II) \$500; and

“(ii) no creditor shall grant a student
a credit card account, if the credit limit for
that credit card account, combined with
the credit limits of any other credit card
accounts held by the student, would exceed
30 percent of the annual gross income of
the student in the most recently completed
calendar year.

“(C) PARENTAL APPROVAL REQUIRED TO
INCREASE CREDIT LINES FOR ACCOUNTS FOR

1 WHICH PARENT IS JOINTLY LIABLE.—No in-
2 crease may be made in the amount of credit au-
3 thorized to be extended under a college student
4 credit card account for which a parent, legal
5 guardian, or spouse of the consumer has as-
6 sumed joint liability for debts incurred by the
7 consumer in connection with the account, before
8 the consumer attains the age of 21, with re-
9 spect to such consumer, unless the parent,
10 guardian, or spouse of the consumer, as appli-
11 cable, approves in writing, and assumes joint li-
12 ability for, such increase.

13 “(D) INCOME VERIFICATION.—For pur-
14 poses of this paragraph, a creditor shall require
15 adequate proof of income, income history, and
16 credit history, subject to the rules of the Board,
17 before any college student credit card account
18 may be opened by or on behalf of a student.

19 “(E) PROHIBITION ON MORE THAN 1
20 CREDIT CARD ACCOUNT FOR ANY COLLEGE
21 STUDENT.—No creditor may open a credit card
22 account for, or issue any credit card to, any col-
23 lege student who—

24 “(i) has no verifiable annual gross in-
25 come; and

1 “(ii) already maintains a credit card
 2 account under an open end consumer cred-
 3 it plan with that creditor, or any affiliate
 4 thereof.

5 “(F) EXEMPTION AUTHORITY.—The
 6 Board may, by rule, provide for exemptions to
 7 the provisions of this paragraph, as deemed
 8 necessary or appropriate by the Board, con-
 9 sistent with the purposes of this paragraph.”.

10 **SEC. 8. PROHIBIT FEES FOR PAYMENT ON CREDIT CARD**
 11 **ACCOUNTS BY TELEPHONE OR ELECTRONIC**
 12 **FUND TRANSFERS.**

13 Section 164 of the Truth in Lending Act (15 U.S.C.
 14 1666c) is amended—

15 (1) by striking “Payments received” and insert-
 16 ing “(a) IN GENERAL.—Payments received”; and

17 (2) by adding at the end the following new sub-
 18 section:

19 “(b) PAYMENT FEES.—

20 “(1) PROHIBITION ON FEE BASED ON MODE OF
 21 PAYMENT.—Except as provided in paragraph (2), in
 22 the case of a credit card account under an open end
 23 consumer credit plan, a creditor may not impose a
 24 fee on the obligor based on the particular manner in
 25 which the obligor makes a payment on such account.

1 “(2) EXCEPTION.—If the obligor requests to
 2 make an expedited payment on a credit card account
 3 under an open end consumer credit plan by tele-
 4 phone on the date that a payment is due, or the day
 5 immediately preceding such date, the creditor may
 6 assess a fee for crediting the payment to the obli-
 7 gor’s account on or by such date.”.

8 **SEC. 9. REGULATIONS RELATING TO ACTIVE DUTY MILI-**
 9 **TARY CONSUMERS AND RECENTLY DISABLED**
 10 **VETERANS.**

11 Section 127B of the Truth in Lending Act is amend-
 12 ed by inserting after subsection (p) (as added by section
 13 6) the following new subsection:

14 “(q) REGULATIONS RELATING TO ACTIVE DUTY
 15 MILITARY CONSUMERS AND RECENTLY DISABLED VET-
 16 ERANS.—In the case of any credit card account, under an
 17 open end consumer credit plan, held by any veteran receiv-
 18 ing compensation for a service-connected disability (as
 19 such terms are defined in section 101 of title 38, United
 20 States Code) that occurred less than 2 years before or any
 21 active duty military consumer (as defined in section
 22 603(q)(2) of this Act) , the Board shall prescribe regula-
 23 tions that prohibits the creditor with respect to such ac-
 24 count from making adverse reports to any consumer re-
 25 porting agency with respect while the consumer maintains

1 status as such a veteran or as an active duty military con-
 2 sumer.”.

3 **SEC. 10. POSTING INFORMATION ON THE INTERNET.**

4 Section 122 of the Truth in Lending Act (U.S.C.
 5 1632) is amended by adding at the end the following new
 6 subsection:

7 “(d) INTERNET POSTING OF CREDIT CARD AGREE-
 8 MENTS.—

9 “(1) POSTING AGREEMENTS.—A creditor shall
 10 establish and maintain an Internet site on which the
 11 creditor will post the written agreement between the
 12 creditor and the consumer for each open-end con-
 13 sumer credit plan not secured by a dwelling that has
 14 a credit card feature.

15 “(2) PROVIDING COPY OF CONTRACTS TO THE
 16 BOARD.—A creditor shall provide to the Board in
 17 electronic format, the consumer credit card agree-
 18 ments that the creditor publishes on the creditor’s
 19 Internet site.

20 “(3) RECORD REPOSITORY.—The Board shall
 21 establish and maintain on its publically available
 22 Internet site a central repository of the consumer
 23 credit card agreements received from the creditors
 24 pursuant to this subsection and such agreements
 25 shall be easily accessible and retrievable.

1 “(4) EXCEPTION.—Paragraphs (1) and (2)
 2 shall not apply to individually negotiated changes to
 3 contractual terms, such as individually-modified
 4 workouts or renegotiations of amounts owed by a
 5 consumer under an open end consumer credit plan.

6 “(5) REGULATIONS.—The Board, in consulta-
 7 tion with the other agencies described in section 108
 8 and the Federal Trade Commission, may prescribe
 9 regulations to implement this subsection, includ-
 10 ing—

11 “(A) specifying the format for posting the
 12 agreements on the creditor’s Internet site; and

13 “(B) establishing exceptions to paragraphs
 14 (1) and (2) in cases where the administrative
 15 burden outweighs the benefit of increased trans-
 16 parency, such as where a credit card plan has
 17 a de minimis number of consumer account hold-
 18 ers”.

19 **SEC. 11. ENHANCED MINIMUM PAYMENT DISCLOSURES.**

20 Paragraph (11) of section 127(b) of the Truth in
 21 Lending Act (15 U.S.C. 1637(b)(11)) is amended to read
 22 as follows:

23 “(11) MINIMUM PAYMENT DISCLOSURES.—

24 “(A) MINIMUM PAYMENT WARNING.—A
 25 written statement in the following form: ‘Min-

1 imum Payment Warning: Making only the min-
2 imum payment will increase the interest you
3 pay and the time it takes to repay your bal-
4 ance.’.

5 “(B) INFORMATION ON OUTSTANDING
6 BALANCE.—Not less than once per calendar
7 quarter, such billing statement shall also in-
8 clude repayment information that would apply
9 to the outstanding balance of the consumer
10 under the credit plan, including—

11 “(i) the number of months (rounded
12 to the nearest month) that it would take to
13 pay the entire amount of that balance, if
14 the consumer pays only the required min-
15 imum monthly payments and if no further
16 advances are made;

17 “(ii) the total cost to the consumer,
18 including interest payments, of paying that
19 balance in full, if the consumer pays only
20 the required minimum monthly payments
21 and if no further advances are made;

22 “(iii) the monthly payment amount
23 that would be required for the consumer to
24 eliminate the outstanding balance in 12
25 months, 24 months, and 36 months, if no

1 further advances are made, and the total
2 cost to the consumer, including interest
3 and principal payments, of paying that bal-
4 ance in full if the consumer pays the bal-
5 ance over 12, 24, or 36 months, respec-
6 tively; and

7 “(iv) a toll-free telephone number at
8 which the consumer may receive informa-
9 tion about accessing credit counseling and
10 debt management services.

11 “(C) EXCEPTION TO REQUIREMENTS OF
12 SUBSECTION (B).—The quarterly disclosure re-
13 quirements in subsection (B) shall not apply
14 with respect to—

15 “(i) a calendar quarter if, in the 2
16 consecutive billing cycles preceding the end
17 of such quarter, a consumer has paid the
18 entire balance of the bill in full;

19 “(ii) a calendar quarter if, at the end
20 of the calendar quarter, a consumer has an
21 outstanding credit balance of zero or has a
22 positive credit; or

23 “(iii) any class of consumers for which
24 the Board has determined will not benefit
25 substantially from additional disclosures.

1 “(D) APPLICABLE RATES TO BE USED IN
2 DISCLOSURES.—

3 “(i) IN GENERAL.—Subject to clause
4 (ii), in making the disclosures under sub-
5 paragraph (B), the creditor shall apply the
6 interest rate or rates in effect on the date
7 on which the disclosure is made until the
8 date on which the balance would be paid in
9 full.

10 “(ii) SPECIAL RULE IN CASE OF TEM-
11 PORARY RATE.—If the interest rate in ef-
12 fect on the date on which the disclosure is
13 made is a temporary rate that will change
14 under a contractual provision applying an
15 index or formula for subsequent interest
16 rate adjustment, the creditor shall apply
17 the interest rate in effect on the date on
18 which the disclosure is made for as long as
19 that interest rate will apply under that
20 contractual provision, and then apply an
21 interest rate based on the index or formula
22 in effect on the applicable billing date.

23 “(E) FORM AND PROMINENCE OF DISCLO-
24 SURE.—All of the information described in sub-
25 paragraph (B) shall—

1 “(i) be disclosed in the form and man-
 2 ner which the Board shall prescribe, by
 3 regulation, and in a manner that avoids
 4 duplication; and

5 “(ii) be placed in a conspicuous and
 6 prominent location on the billing statement
 7 in conspicuous typeface.

8 “(F) TABULAR FORMAT.—In the regula-
 9 tions prescribed under subparagraph (D), the
 10 Board shall require that the disclosure of such
 11 information shall be in the form of a table
 12 that—

13 “(i) contains clear and concise head-
 14 ings for each item of such information; and

15 “(ii) provides a clear and concise form
 16 stating each item of information required
 17 to be disclosed under each such heading.

18 “(G) LOCATION AND ORDER OF TABLE.—
 19 In prescribing the form of the table under sub-
 20 paragraph (E), the Board shall require that—

21 “(i) all of the information in the table,
 22 and not just a reference to the table, be
 23 placed on the billing statement, as required
 24 by this paragraph; and

1 “(ii) the items required to be included
2 in the table shall be listed in the order in
3 which such items are described in subpara-
4 graph (B).

5 “(H) SUBSTITUTION OF TERMINOLOGY.—
6 In prescribing the form of the table under sub-
7 paragraph (D), the Board may employ termi-
8 nology which is different than the terminology
9 used in subparagraph (B), if such terminology
10 is more easily understood and conveys substan-
11 tially the same meaning.

12 “(I) ‘ROUNDING’ REGULATIONS.—For pur-
13 poses of determining whether an error in the
14 disclosures required by subparagraph (B) con-
15 stitutes a legal cause of action against a cred-
16 itor or any other party, the standard referred to
17 under the heading ‘Rounding assumed pay-
18 ments, current balance and interest charges to
19 the nearest cent’ in the publication by the
20 Board in the Federal Register (74 Fed. Reg.
21 5385) on January 29, 2009, of the final regula-
22 tion revising part 226 of title 12 of the Code
23 of Federal Regulations (Regulation Z), or a
24 standard that affords substantially similar pro-
25 tections as determined by the Board, shall

1 apply for purposes of the determination with re-
2 gard to such disclosures.”.

3 **SEC. 12. BOARD REVIEW OF CONSUMER CREDIT PLANS**
4 **AND REGULATIONS.**

5 (a) **REQUIRED REVIEW.**—Not later than 2 years
6 after the effective date of this Act and every 2 years there-
7 after, except as provided in subsection (c)(2), the Board
8 shall conduct a review, within the limits of its existing re-
9 sources available for reporting purposes of the consumer
10 credit card market including—

11 (1) the terms of credit card agreements and the
12 practices of credit card issuers;

13 (2) the effectiveness of disclosure of terms, fees,
14 and other expense of credit card plans;

15 (3) the adequacy of protections against unfair
16 or deceptive acts or practices relating to credit card
17 plans, and

18 (4) whether or not, and to what extent, the
19 Credit Cardholders’ Bill of Rights Act of 2009 has
20 resulted in—

21 (A) higher annual percentage rates of in-
22 terest, on average, for credit card users than
23 the average of such rates of interest in effect
24 before the effective date of the Act;

1 (B) the imposition of annual fees or other
2 credit card fees—

3 (i) that did not exist before such ef-
4 fective date;

5 (ii) at a higher average rate of appli-
6 cability than existed before such effective
7 date; or

8 (iii) with higher average costs to the
9 consumer than were in effect before such
10 effective date;

11 (C) an increase in the rate of denial of—

12 (i) new credit card accounts for con-
13 sumers; or

14 (ii) new extensions of credit, or addi-
15 tional lines of credit, for existing credit ac-
16 counts established before such effective
17 date; or

18 (D) any other adverse or negative condi-
19 tion or effect on consumers.

20 (b) SOLICITATION OF PUBLIC COMMENT.—In con-
21 nection with conducting the review required by subsection
22 (a), the Board shall solicit comment from consumers, cred-
23 it card issuers, and other interested parties, such as
24 through hearings or written comments.

25 (c) REGULATIONS.—

1 (1) NOTICE.—Following the review required by
2 subsection (a) the Board shall publish a notice in
3 the Federal Register that—

4 (A) summarizes the review, the comments
5 received from the public solicitation, and other
6 evidence gathered by the Board such as through
7 consumer testing or other research; and

8 (B) either—

9 (i) proposes new or revised regulations
10 or interpretations to update or revise dis-
11 closures and protections for consumer
12 credit cards as appropriate; or

13 (ii) states the reason for the Board’s
14 determination that new or revised regula-
15 tions are not proposed.

16 (2) REVISION OF REVIEW PERIOD FOLLOWING
17 MATERIAL REVISION OF REGULATIONS.—In the
18 event the Board materially revises regulations on
19 consumer credit card plans, a review need not be
20 conducted until 2 years following the effective date
21 of the revised regulations, which thereafter shall be-
22 come the new date for the biennial review required
23 by subsection (a).

24 (d) BOARD REPORT TO THE CONGRESS.—The Board
25 shall report to the Congress no less frequently than every

1 2 years, except as provided in subsection (c)(2), on the
2 status of its most recent review, its efforts to address any
3 issues identified from the review, and any recommenda-
4 tions for legislation.

5 (e) ADDITIONAL REPORTING.—The Federal banking
6 agencies and the Federal Trade Commission shall provide
7 annually to the Board, and the Board shall include in its
8 annual report to Congress under section 10 of the Federal
9 Reserve Act, information about the supervisory and en-
10 forcement activities of the agencies with respect to credit
11 card issuers' compliance with applicable Federal consumer
12 protection statutes and regulations including—

13 (1) this Act, the amendments made by this Act,
14 and regulations prescribed under this Act and such
15 amendments; and

16 (2) section 5 of the Federal Trade Commission
17 Act, and regulations prescribed under the Federal
18 Trade Commission Act, such as part 227 of title 12
19 of the Code of Federal Regulations as prescribed by
20 the Board (Regulation AA).

1 **SEC. 13. SOLICITATIONS REQUIRED TO INCLUDE WARNING**
2 **ON ADVERSE EFFECTS OF EXCESSIVE CRED-**
3 **IT INQUIRIES.**

4 Section 127(c)(1)(B) of the Truth in Lending Act
5 (15 U.S.C. 1637(c)(1)(B)) is amended by adding at the
6 end the following new clause:

7 “(iv) EXCESSIVE CREDIT INQUIR-
8 IES.—A warning that excessive credit in-
9 quires, which occur in connection with
10 credit applications and solicitations and
11 under other circumstances, can have an
12 adverse effect on a consumer credit
13 score.”.

14 **SEC. 14. READABILITY REQUIREMENT.**

15 Section 122 of the Truth in Lending Act (U.S.C.
16 1632) is amended by adding at the end the following new
17 subsection:

18 “(d) MINIMUM TYPE-SIZE AND FONT REQUIREMENT
19 FOR CREDIT CARD APPLICATIONS AND DISCLOSURES.—
20 All written information, provisions, and terms in or on any
21 application, solicitation, contract, or agreement for any
22 credit card account under an open end consumer credit
23 plan, and all written information included in or on any
24 disclosure required under this chapter with respect to any
25 such account, shall appear—

26 “(1) in not less than 12-point type; and

1 “(2) in any font other than a font which the
2 Board has designated, in regulations under this sec-
3 tion, as a font that inhibits readability.”.

4 **SEC. 15. REPORT TO CONGRESS ON REDUCTIONS OF CON-**
5 **SUMER CREDIT CARD LIMITS BASED ON CER-**
6 **TAIN INFORMATION AS TO EXPERIENCE OR**
7 **TRANSACTIONS OF THE CONSUMER.**

8 (a) REPORT ON CREDITOR PRACTICES REQUIRED.—
9 Before the end of the 6-month period beginning on the
10 date of the enactment of this Act, the Board of Governors
11 of the Federal Reserve System, in consultation with the
12 Comptroller of the Currency, the Director of the Office
13 of Thrift Supervision, the Federal Deposit Insurance Cor-
14 poration, the National Credit Union Administration
15 Board, and the Federal Trade Commission, shall report
16 to the Committee on Financial Services of the House of
17 Representatives and the Committee on Banking, Housing,
18 and Urban Affairs of the Senate on the extent to which,
19 during the 3-year period ending on such date of enact-
20 ment, creditors have reduced credit limits or raised inter-
21 est rates applicable to credit card accounts under open end
22 consumer credit plans based on—

23 (1) the geographical location where a credit
24 transaction with the consumer takes place or the
25 identity of the merchant involved in the transaction;

1 (2) the consumer's credit transactions, includ-
2 ing the type of credit transaction, the type of items
3 purchased in such transaction, the price of items
4 purchased in such transaction, any change in the
5 type or price of items purchased in such trans-
6 actions, and other data pertaining to the consumer's
7 use of such credit card account; and

8 (3) the identity of the mortgage creditor which
9 extended or holds the mortgage loan secured by the
10 consumer's primary residence.

11 (b) OTHER INFORMATION.—The report required
12 under subsection (a) shall also include—

13 (1) the number and identity of creditors that
14 have engaged in the practices described in subsection
15 (a);

16 (2) the extent to which the practices described
17 in subsection (a) have an adverse impact on minority
18 or low-income consumers;

19 (3) any other relevant information regarding
20 such practices; and

21 (4) recommendations to the Congress on regu-
22 latory or statutory changes that may be needed to
23 restrict or prevent such practices.

1 **SEC. 16. PROCEDURE FOR TIMELY SETTLEMENTS OF DECE-**
 2 **DENT OBLIGORS' ESTATES.**

3 (a) IN GENERAL.—Chapter 2 of the Truth in Lend-
 4 ing Act (U.S.C. 1631 et seq.) is amended by adding at
 5 the end the following new section:

6 **“§ 140A Procedure for timely settlements of decedent**
 7 **obligors' estates**

8 “The Board, in consultation with the Federal Trade
 9 Commission and each other agency referred to in section
 10 108(a), shall prescribe regulations to require any creditor,
 11 with respect to any credit card account under an open end
 12 consumer credit plan, to establish procedures to ensure
 13 that any administrator of an estate of any deceased obli-
 14 gor with respect to such account can resolve outstanding
 15 credit balances in a timely manner.”.

16 (b) CLERICAL AMENDMENT.—The table of sections
 17 for chapter 2 of the Truth in Lending Act is amended
 18 by inserting after the item relating to section 140 the fol-
 19 lowing new item:

“140A. Procedure for timely settlements of decedent obligors' estates.”.

20 **SEC. 17. INTERIM IMPLEMENTATION REPORTS TO THE**
 21 **CONGRESS.**

22 The Chairman of the Board of Governors of the Fed-
 23 eral Reserve System shall submit a report each 90 days
 24 after the date of the enactment of this Act on the level
 25 of implementation of the regulations required to be pre-

1 scribed under this Act to the Committee on Financial
2 Services of the House of Representatives and the Com-
3 mittee on Banking, Housing, and Urban Affairs of the
4 Senate until the Chairman can report full industry imple-
5 mentation.

6 **SEC. 18. DISCLOSURE REQUIREMENT FOR STORES ACCEPT-**
7 **ING CREDIT CARD ACCOUNT APPLICATIONS.**

8 (a) IN GENERAL.—Section 122 of the Truth in Lend-
9 ing Act (15 U.S.C. 1632) is amended by adding at the
10 end the following:

11 “(d) SIGNS REQUIRED ON CERTAIN PREMISES
12 WHERE CREDIT CARD ACCOUNT APPLICATIONS ACCEPT-
13 ED.—

14 “(1) IN GENERAL.—A person who sells personal
15 property to consumers on a business premises and
16 makes available to consumers on such premises any
17 application to open a credit card account under an
18 open end consumer credit plan, and where such per-
19 son is the issuer of such account, shall display in the
20 premises on a sign any information that is subject
21 to subsection (c) and that is required to be disclosed
22 by the person on that application.

23 “(2) FORMAT.—Such information shall be dis-
24 played on the sign in the form and manner which
25 the Board shall prescribe by regulations and which,

1 to the extent practicable and appropriate, shall be
2 consistent with the form and manner required for
3 the disclosure of such information on the credit card
4 application.

5 “(3) SIGN PLACEMENT.—Such signs shall be
6 conspicuously placed at each location on the prem-
7 ises where the credit card application may be sub-
8 mitted by the consumer.”.

9 (b) CONFORMING AMENDMENT.—Section 111(e) of
10 the Truth in Lending Act (15 U.S.C. 1610(e)) is amended
11 by adding at the end the following:

12 “Section 122(d) shall supersede State laws relating
13 to store display of the information that is subject to the
14 requirements of such section, except that any State may
15 employ or establish State laws for the purpose of enforcing
16 the requirements of such section.”.

17 **SEC. 19. EFFECTIVE DATE.**

18 (a) IN GENERAL.—Except as provided in subsection
19 (c) for the period described in such subsection, the amend-
20 ments made by this Act shall apply to all credit card ac-
21 counts under open end consumer credit plans after the
22 earlier of—

23 (1) the end of the 12-month period beginning
24 on the date of the enactment of this Act; or

25 (2) June 30, 2010.

1 (b) REGULATIONS.—Except as provided in subsection
2 (c) for the period described in such subsection, the Board
3 of Governors of the Federal Reserve System, in consulta-
4 tion with the Comptroller of the Currency, the Director
5 of the Office of Thrift Supervision, the Federal Deposit
6 Insurance Corporation, the National Credit Union Admin-
7 istration Board, and the Federal Trade Commission, shall
8 prescribe regulations, in final form, implementing the
9 amendments made by this Act before the earlier of—

10 (1) the end of the 5-month period beginning on
11 the date of the enactment of this Act; or

12 (2) June 1, 2010.

13 (c) INTERIM EFFECTIVE PERIOD FOR ADVANCE NO-
14 TICES OF RATE INCREASES.—

15 (1) IN GENERAL.—During the period beginning
16 90 days after the date of the enactment of this Act
17 and ending on the effective date of all the amend-
18 ments under this Act as determined pursuant to
19 subsection (a), no increase in any annual percentage
20 rate of interest on any credit card account under an
21 open end consumer credit plan (as such terms are
22 defined in the Truth in Lending Act) may take ef-
23 fect unless the creditor provides a written notice to
24 the consumer at least 45 days before the increase
25 would otherwise take effect which fully describes the

1 changes in the annual percentage rate, in a complete
2 and conspicuous manner, and the extent to which
3 such increase would apply to an existing balance.

4 (2) EXCEPTIONS.—A notice shall not be re-
5 quired under paragraph (1) for an increase in an an-
6 nual percentage rate described in subparagraph (A),
7 (B), or (C) of section 127B(b)(1) (as added by sec-
8 tion 2).

9 (3) REGULATIONS.—The Board of Governors of
10 the Federal Reserve System shall prescribe regula-
11 tions implementing the amendment referred to in
12 paragraph (1), for purposes of this subsection, be-
13 fore the end of the 60-day period beginning on the
14 date of the enactment of this Act.

Passed the House of Representatives April 30, 2009.

Attest: LORRAINE C. MILLER,
Clerk.

Calendar No. 55

11TH CONGRESS
1ST Session

H. R. 627

AN ACT

To amend the Truth in Lending Act to establish fair and transparent practices relating to the extension of credit under an open end consumer credit plan, and for other purposes.

APRIL 30, 2009

Received; read twice and placed on the calendar